

**PRESS RELEASE**

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**Sembcorp Industries FY2018 Results****SEMBCORP MAKES PROGRESS ON STRATEGY; STRONG ENERGY AND URBAN DEVELOPMENT PERFORMANCE DRIVES EARNINGS**

**Singapore, February 21, 2019** - Sembcorp Industries (Sembcorp) delivered a creditable set of results for full year 2018 (FY2018) with good performance from its Utilities and Urban Development businesses mitigating a weak performance from the Marine business. The Group posted turnover of S\$11.7 billion and net profit of S\$347 million in FY2018, compared to S\$9.0 billion and S\$383 million respectively in FY2017<sup>1</sup>. Net profit from the Utilities business more than doubled to S\$312 million, with its India operations achieving turnaround to profitability. The Urban Development business turned in a record net profit of S\$86 million. Amidst difficult conditions for the offshore and marine industry, the Marine business recorded a net loss of S\$48 million. Excluding the Marine business, the Group delivered profit growth of 75%, with net profit at S\$395 million compared to S\$226 million in FY2017.

**Quote from Neil McGregor, Group President & CEO of Sembcorp Industries:**

“In 2018, we made progress in repositioning Sembcorp to be successful and sustainable in a rapidly changing world. We took actions to reshape and equip the organisation with the right capabilities for the future, while working to strengthen our performance and balance sheet.

“Our strategic initiatives will take time to bear fruit, especially given the prolonged offshore and marine downturn. However, as seen from our FY2018 results, our multi-business strategy provides resilience to the Group. By leveraging our strengths and embracing change, I am confident that the actions we are taking will put us in good stead as an integrated energy and urban company of the future.”

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<sup>1</sup> FY2017 financials restated in accordance with Singapore Financial Reporting Standards (International) (SFRS(I)) and International Financial Reporting Standards (IFRS) frameworks and the new accounting standards

## **BUSINESS UPDATES**

- **The Utilities business' net profit more than doubled to S\$312 million in FY2018.**
  - **India operations turned around to profitability, delivering net profit of S\$47 million**
  - **Deepening presence in key markets and building businesses aligned to global trends**
    - In Singapore, we extended our gas business to include liquefied natural gas importation, grew our solar capacity by 115 megawatt peak to over 120 megawatt peak and entered the Open Electricity Market as a power retailer.
    - In India, the business continued to make progress in firming up long-term power sales. Our second thermal power project secured a power purchase agreement for the supply of 250 megawatts to Bangladesh for 15 years. In February 2019, we received a Letter of Award, subject to regulatory approval, for the supply of 500 megawatts to Andhra Pradesh for eight years.
    - In the UK, we acquired the country's largest flexible distributed energy player UK Power Reserve, giving us a firm foothold in a new growth niche.
  - **Momentum in renewables growth**
    - Our renewables portfolio increased by ~20% to 2,600 megawatts, in line with our ambition to be the region's leading independent renewable energy player. This includes 300 megawatts of renewables capacity added to our India portfolio and 115 megawatts added in Singapore.
- **The Urban Development business achieved a record profit of S\$86 million**, driven mainly by land sales in Vietnam and China. Net orderbook reached a record of 425 hectares during the year.
- **The Marine business continued to face a difficult operating environment.** The business recorded a net loss of S\$48 million in FY2018, mainly due to continued low overall business volume and loss on the sale of a semi-submersible rig, partially offset by margin recognition from new projects and delivery of rigs.
- **In FY2018, we unlocked value through divestments, achieving cash proceeds of approximately S\$200 million** through the divestment of peripheral assets in Singapore, China, Oman and South Africa.

## FINANCIAL SUMMARY

S\$ million	4Q2018	4Q2017*	Δ%	FY2018	FY2017*	Δ%
<b>Turnover</b>	<b>2,566</b>	<b>2,405</b>	<b>7</b>	<b>11,689</b>	<b>9,026</b>	<b>30</b>
<b>Profit from Operations**</b>	<b>219</b>	<b>293</b>	<b>(25)</b>	<b>841</b>	<b>1,084</b>	<b>(22)</b>
<u>Net Profit</u>						
Utilities	65	14	364	312	140	123
Urban Development	33	29	14	86	83	4
Other Businesses	7	8	(13)	16	27	(41)
Corporate	- <sup>1</sup>	(4)	NM	(19)	(24)	(21)
<b>Net Profit (excluding Marine)</b>	<b>105</b>	<b>47</b>	<b>123</b>	<b>395</b>	<b>226</b>	<b>75</b>
Marine	1	71	(99)	(48)	157	NM
<b>Net Profit</b>	<b>106</b>	<b>118</b>	<b>(10)</b>	<b>347</b>	<b>383</b>	<b>(9)</b>
<b>EPS (cents)</b>	<b>5.4</b>	<b>6.0</b>	<b>(9)</b>	<b>17.0</b>	<b>19.1</b>	<b>(11)</b>

<sup>1</sup>Less than S\$ 1 million

\*Restated in accordance with Singapore Financial Reporting Standards (International) (SFRS(I)) and International Financial Reporting Standards (IFRS) frameworks and the new accounting standards

\*\*Profit from Operations = Earnings before Interest and Tax + Share of Associates and JVs' results (net of tax)

## FINAL DIVIDEND

A final dividend of 2.0 cents per ordinary share is proposed. Together with an interim dividend of 2.0 cents per ordinary share paid in August 2018, this would bring the Group's total dividend for the year to 4.0 cents per ordinary share.

## GROUP OUTLOOK

The market environment is expected to be challenging in 2019, especially for the offshore and marine sector which remains in a prolonged downcycle. Global economic growth is projected to ease as markets face escalating risks including rising trade tensions and tightening financial conditions.

In this context, the Group remains focused on executing strategy, improving performance and strengthening its balance sheet.

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**ABOUT SEMBCORP INDUSTRIES**

Sembcorp Industries is a leading utilities, marine and urban development group, operating across multiple markets worldwide.

As an integrated energy player, Sembcorp is poised to benefit from the global energy transition. With a strong track record in developing and developed markets, it provides solutions across the energy and utilities value chain, with a focus on the Gas & Power, Renewables & Environment, and Merchant & Retail sectors. It has a balanced energy portfolio of over 12,000 megawatts, including thermal power plants, renewable wind and solar power assets, as well as biomass and energy-from-waste facilities. In addition, Sembcorp is a world leader in offshore and marine engineering, as well as an established brand name in urban development.

Sembcorp Industries has total assets of over S\$23 billion and over 7,000 employees. Listed on the main board of the Singapore Exchange, it is a component stock of the Straits Times Index, several MSCI and FTSE indices, as well as the SGX Sustainability Leaders Index and the Dow Jones Sustainability Asia Pacific Index.